

OGC HAS REVIEWED.

Supplemental Agenda
(13th Meeting)

SECTION 13. Such Act is amended by inserting a new Section 9 which shall read as follows:

"Section 9. (a) For the purpose of computing eligibility for retirement and the amount of the annuity under the Civil Service Retirement Act (Act of 22 May 1920, as amended: 5 U.S.C. 691 et seq.) each year of service outside the continental United States as an employee of CIA after 18 September 1947 shall be credited as one and one half years of service and each such year shall serve to lower the retirement ages prescribed in the Civil Service Retirement Act by six months: Provided, That voluntary retirement shall not be allowed until such person shall have reached 50 years of age. Such additional credits shall be granted proportionately for fractional years of service.

(b) No annuity paid under the Civil Service Retirement Act shall be reduced solely because the annuitant has retired at an age lowered in accordance with the provisions of subsection (a) of this Section. The base age provided by the Civil Service Retirement Act (5 U.S.C. 691(b)) for computing a percentage reduction in annuities shall be reduced by the

Supplemental to Agenda of 15 Sept 1955
Prepared by Office of the General Counsel

Supplement #1

same amount as the reduction in retirement age made in
accordance with subsection (a) of this Section.

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CONFIDENTIAL

15 SEP 1955

TO: Chairman, CIA Career Council

SUBJECT: Reinsurance of Voided Commercial Insurance Due to Action Taken
by Employees Under Agency Orders

1. PROBLEM:

To determine what measures, if any, should be taken to provide payment in the event an employee's commercial insurance policy is voided during its contestable period, or double indemnity coverage is lost after the contestable period, due to action taken by the employee under Agency orders.

2. ASSUMPTIONS:

- a. That in addition to the insurance coverage available through Agency employment the employee is responsible for securing for himself, with his own means, needful additional coverage.
- b. That the Agency has an interest in assisting employees in meeting life's exigencies.

3. FACTS BEARING ON THE PROBLEM:

- a. Commercial insurance policies exclude coverage, if death is caused by an Act of War (declared or undeclared) while the insured is in either the military or civilian service or by participation in non-scheduled air flights.
- b. Insurance policies of all commercial companies are incontestable and cannot be challenged after being in effect for two years with the exception of policies under the New York Life Insurance Company in which case they are incontestable one year after the effective date, except for non-payment of premium.
- c. After the completion of the contestable period, if death occurs through an Act of War (declared or undeclared) or through participation in a non-scheduled air flight, the double indemnity feature is voided.
- d. In order to accomplish the Agency's mission, it is necessary to order employees to perform duties under circumstances set forth in a and c above which in the event of death would void all or part of their private insurance coverage resulting in a loss to their estate.
- e. The Agency has already two cases in which the death of an employee occurred under circumstances in which all or part of his commercial life insurance policy would have been voided.

Supplement #2

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- f. Life insurance coverage and death benefits are available to employees through the Federal Employees' Compensation Act, National Service Life Insurance, Federal Employees' Group Life Insurance, War Agencies Employees' Protective Association and United Benefit Life of Omaha, none of which are voided by death occasioned by Act of War (declared or undeclared) or by participation in non-scheduled air flight.
- g. The coverage available to Agency employees that is not affected by participation in non-scheduled air flights or the occurrence of death caused by an Act of War (declared or undeclared) through Agency programs (War Agencies Employees' Protective Association and United Benefit Life of Omaha) is greater than that afforded to military personnel or to any other Federal employees.
- h. The majority of employees subject to the above insurance voiding conditions carry insurance under the War Agencies Employees' Protective Association, the United Benefit Life of Omaha and the Federal Employees' Group Life Insurance programs.
- 4. DISCUSSION:
 - a. Reinsurance privately secured by the employee is not feasible from a cost or security standpoint. It is not believed that any American insurance company would underwrite such reinsurance. Arrangements with a foreign company such as Lloyds of London are believed to present insurmountable security difficulties.
 - b. Reinsurance financed by the Agency from confidential funds raises two questions; the first, whether such use of confidential funds would be a legitimate operational expense, the second, whether such payment by the Agency would not require an offset of FECA benefits received by the deceased's estate. Discussions between the Bureau of Employees' Compensation and the General Counsel lead the latter to believe that if the questions were formally presented to the Comptroller General, his ruling would be that an offset of FECA benefits would be required.
 - c. No other Federal Agency or Department has legislation which provides for reinsurance coverage.
 - d. Inasmuch as an employee's commercial insurance can be voided as a result of complying with Agency orders, the Agency runs the risk of a claims suit from the estate of the deceased. There is strong reservation that such a suit would be successfully concluded for the plaintiff; however, this involvement of the Agency in litigation presents serious security problems.

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5. CONCLUSIONS:

- a. The Agency has recognized its obligation and has taken measures to offset these insurance voiding conditions through the provision of insurance programs which are not subject to exclusion in these circumstances.
- b. Reinsurance either privately secured or through Agency financing is, respectively, unavailable or prohibitive from a cost standpoint or subject to serious question of legality.
- c. Agency employees are in a favorable position with regard to the availability of non-excluded insurance coverage.
- d. It has been determined that should the Agency pay the face value of the loss to the estate of the deceased, the Bureau of Employees' Compensation would have to offset this payment.
- e. It has not been conclusively determined, although highly likely, that Agency payment of premiums would likewise result in an offset of the face amount by the Bureau of Employees' Compensation.

6. RECOMMENDATIONS:

- a. It is recommended that this matter not be given further consideration, at this time, from the standpoint of proposed legislation.
- b. It is recommended that the General Counsel seek necessary clarification with the Bureau of Employees' Compensation and the Comptroller General.
- c. It is recommended that the CIA Career Council approve the above conclusions in principle and that this matter be referred to the General Counsel and the Office of Personnel for whatever further study is necessary.

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Deputy Director of Personnel
for Planning and Development

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15 September 1955

TO: Chairman, CIA Career Council

SUBJECT: Positions for Career Development Programs

1. PROBLEM:

Availability of positions for the Career Development (CD) and Junior Career Development (JCD) Programs.

2. ASSUMPTIONS:

- a. The assistance to operating components afforded by the CD and JCD Programs in order that employees may engage in extensive external training and inter-office rotation for their planned development is desirable and worthy of continuation.
- b. An effective way to promote this type of activity is through the provision of positions not chargeable to the T/Os of operating components.

3. FACTS BEARING ON THE PROBLEM:

- a. The CD Program has been approved since 1952 for 40 positions (15 vouchered and 25 unvouchered) all of which were established in a T/O authorization. The JCD Program has been approved for the last year for 30 positions, eight of which were established in a T/O authorization.
- b. The Office of Personnel ceiling allocation for FY 1956 for the CD and JCD Programs based on strength as of 31 July 1955, is 33 positions, 29 of which are allocated to the CD Program and 4 to the JCD Program. All of these positions are filled; there are no vacancies.
- c. Five additional persons have been approved for participation in the Programs (4 - JCD, 1 - CD), and nine requests for CD positions are on hand. (See Tab A.)
- d. In accordance with original plans, 10 positions should be vacated during the balance of calendar year 1955 as individual programs are completed. (See Tab A.) However the recent reduction in ceilings of Operating Components make it problematical that these slots can be vacated as soon as planned.

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SUBJECT: Positions for Career Development Programs

- e. Approximately 80% of the persons who are in CD positions have been engaged in training activity external to the Agency. The other 20%, as well as all the JCD participants, have been engaged in intra-Agency rotational development.

4. DISCUSSION:

- a. The CD Program provides an effective mechanism for Operating Officials to accomplish their objectives in connection with external training for subordinates within their respective components. As more realistic T/Os and ceilings have been imposed requests for CD slots have increased.
- b. The JCD Program has adhered closely to its stated purpose, to give junior personnel with executive potential an opportunity to develop by making available to them varied rotational and training experiences. It has not been as active as originally planned as evidenced by the relatively few applicants, and the even lesser number of participants. This is partially because the CD Program was already being used for a limited number of rotational assignments when the JCD Program was established. Both Programs provide slots which are not charged to the T/Os of Operating Components, but the JCD Program is competitive and more selective.

5. CONCLUSIONS:

- a. The Career Development Program should be continued, renamed the External Development Program; and its scope restricted to situations where the main objective is detail to developmental or training situations external to the Agency.
- b. The Junior Career Development Program should be continued as at present.

6. RECOMMENDATIONS:

It is recommended that:

- a. Conclusions a. and b. be approved.
- b. That a total of [] positions be allocated to the External Development Program (vice Career Development Program) and [] positions be allocated to the Junior Career Development Program.

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Director of Personnel
for Planning and Development

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CIA CAREER COUNCIL

13th Meeting

Date: 15 Sept. '55

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